

BOARD MEETING DATE: January 4, 2019

AGENDA NO. 24

PROPOSAL: Determine that Proposed Amendments to Rule 1325 – Federal PM2.5 New Source Review Program Are Exempt from CEQA and Amend Rule 1325

SYNOPSIS: Rule 1325 establishes requirements for new and modified sources to ensure compliance with federal PM2.5 NSR requirements. Rule 1325 was amended in 2016 to expand the definition of “precursors” to include VOC and ammonia (NH3), as required under U.S. EPA’s 2016 implementation rule for PM2.5 State Implementation Plans and a court decision requiring states to regulate PM2.5 under the same part of the Federal Clean Air Act as PM10. The 2016 amendment expanded the definition of “precursors,” however, it did not expand the definition of “regulated NSR pollutant” to explicitly reference the PM2.5 precursors VOC and NH3. Proposed Amended Rule 1325 will address this deficiency by referencing “precursors” in the definition of “regulated NSR pollutant.” In addition, other revisions are made to improve clarity.

COMMITTEE: Stationary Source, November 16, 2018, Reviewed

RECOMMENDED ACTIONS:

Adopt the attached Resolution:

1. Determining that the proposed amendments to Rule 1325 - Federal PM2.5 New Source Review Program are exempt from the California Environmental Quality Act; and
2. Amending Rule 1325 – Federal PM2.5 New Source Review Program.

Wayne Natri
Executive Officer

This Board letter is intended to serve as the staff report for this proposed amendment to Rule 1325.

Background

Rule 1325 was adopted on June 3, 2011 to incorporate U.S. EPA requirements for PM_{2.5} into Regulation XIII – New Source Review (NSR). The rule mirrors federal requirements, including offset ratios, Lowest Achievable Emission Rate (LAER) compliance, and control of PM_{2.5} precursors.

In 2016, the SCAQMD requested that U.S. EPA reclassify the South Coast Air Basin from a “moderate” to a “serious” nonattainment area for the 2006 PM_{2.5} 24-hour National Ambient Air Quality Standards. That reclassification necessitated an amendment to the Rule 1325 definition of “major polluting facility” to align with the associated major source emission threshold for serious areas, which is 70 tons per year for PM_{2.5} and PM_{2.5} precursors, compared to 100 tons per year for moderate areas.

Rule 1325 was amended in 2016 to expand the definition of “precursors” to add VOC and ammonia (NH₃) to the existing list of PM_{2.5} precursors (oxides of nitrogen and sulfur dioxide). However, the definition of “regulated NSR pollutant” was not expanded to explicitly reference VOC and NH₃.

Proposal

PAR 1325 will address the deficiency by referencing “precursors” in the definition of “regulated NSR pollutant.” In addition, the proposed amendment will clarify rule language, remove outdated language, and enhance formatting.

Public Process

A public workshop was held on October 24, 2018.

Key Issues

The proposed amendment to Rule 1325 is an administrative correction and does not change the effect of the rule. Staff is not aware of any issues.

California Environmental Quality Act

Pursuant to the California Environmental Quality Act (CEQA) and SCAQMD Rule 110, the SCAQMD, as lead agency for the proposed project, has reviewed PAR 1325 pursuant to: 1) CEQA Guidelines Section 15002(k) - General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 - Review for Exemption, procedures for determining if a project is exempt from CEQA. Because the proposed changes are administrative and procedural in nature as required by the U.S. EPA, and would not cause any physical changes that would affect any environmental topic area, SCAQMD staff has determined that it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Therefore, the project is

considered to be exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Activities Covered by General Rule. Additionally, because the SCAQMD is revising the definition of “regulated NSR pollutant” per U.S. EPA direction, the project is considered to be ministerially exempt from CEQA pursuant to CEQA Guidelines Section 15268 – Ministerial Projects. Furthermore, the proposed amendments to Rule 1325 are categorically exempt because they are considered actions to protect or enhance the environment pursuant to CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment. Further, SCAQMD staff has determined that there is no substantial evidence indicating that any of the exceptions to the categorical exemptions apply to the proposed project pursuant to CEQA Guidelines Section 15300.2 – Exceptions. A Notice of Exemption will be prepared pursuant to CEQA Guidelines Section 15062 - Notice of Exemption. If the proposed project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Socioeconomic Impact Assessment

The proposed amendments for Rule 1325 are administrative in nature and will not impose any additional costs to facilities or result in other socioeconomic impacts. The proposed amendments do not significantly affect air quality or emission limitations or establish an emission limit or standard, and therefore, no socioeconomic analysis is required under California Health and Safety Code Sections 40440.8 and 40728.5.

Comparative Analysis

Health & Safety Code Section 40727.2 (g) is applicable because the proposed amended rule does not impose a new or more stringent emissions limit or standard, or other air pollution control monitoring, reporting, or recordkeeping requirements. As a result, a comparative analysis is not required.

AQMP and Legal Mandates

The California Health and Safety Code requires the SCAQMD to adopt an Air Quality Management Plan (AQMP) to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the California Health and Safety Code requires the SCAQMD to adopt rules and regulations that carry out the objectives of the AQMP but the proposed amendments are not the result of an AQMP control measure.

Furthermore, this proposed amendment addresses a deficiency identified by the U.S. EPA detailed in “Revisions to California State Implementation Plan; South Coast Air Quality Management District; Stationary Source Permit,” 83 Fed. Reg. 39012.

Resource Impacts

The amendment is administrative in nature, no additional resource impacts to implement Proposed Amended Rule 1325.

Draft Findings Under the California Health and Safety Code

Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the SCAQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the hearing. The draft findings are as follows:

Necessity – Proposed Amended Rule 1325 – Federal PM_{2.5} New Source Review Program, is necessary to correct a deficiency identified by the U.S. EPA preventing the approval of the 2016 State Implementation Plan submittal for Rule 1325.

Authority - The SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Health and Safety Code Sections 39002, 40000, 40001, 40440, 40702, and 42504.

Clarity - The SCAQMD Governing Board has determined that Proposed Amended Rule 1325 – Federal PM_{2.5} New Source Review Program, is written and displayed so that the meaning can be easily understood by persons directly affected by them.

Consistency - The SCAQMD Governing Board has determined that Proposed Amended Rule 1325 – Federal PM_{2.5} New Source Review Program, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, federal or state regulations.

Non-Duplication - The SCAQMD Governing Board has determined that Proposed Amended Rule 1325 – Federal PM_{2.5} New Source Review Program, does not impose the same requirement as any existing state or federal regulation, and the proposed amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD.

Reference - In adopting this regulation, the SCAQMD Governing Board references the following statutes, which the SCAQMD hereby implements, interprets, or makes specific: California Health and Safety Code Sections 40001, 40440, and 40702, 42300 et seq., and Federal Clean Air Act Sections 172, 173, and 189.

Attachments

- A. Rule Language for Proposed Amended Rule 1325
- B. Resolution
- C. Notice of Exemption
- D. Board Meeting Presentation